

## ***ENDOWMENT FUNDS – HISTORY, PRESENT AND FUTURE***

### ***Background***

In 1890 the Federal government granted 3.6 million acres to Idaho to support six basic areas of state government: Public Schools, the Agricultural College, Charitable Institutions (several), Normal schools, the Penitentiary and Public Buildings. Since that time the amount of endowment land has decreased because of sales to approximately 2.5 million acres.

Only the interest earned from the sale of lands and income from other uses such as mining and grazing was allowed to be expended. The Department of Lands collects the annual lease payments and the interest income is provided by the Endowment Fund Investment Board (EFIB) from the investment of the Permanent Fund. The principal (from sale of endowment lands) was placed in a permanent endowment and was never to be spent. In FY 2001 there was approximately \$1.163 billion invested by the EFIB.

The normal school (former name for teacher colleges) allocation is dedicated to teacher education programs at Idaho State University (in place of the Albion Normal School after it closed) and Lewis-Clark State College. The "Charitable Institutions" pool of endowment revenue is distributed to several other entities, including School for Deaf and Blind, Juvenile Corrections - Youth Training Center, Idaho State University, Veteran's Home, and State Hospital North.

### ***The Present***

In total, endowment lands are expected to generate approximately \$69 million of revenue in FY 2002 to the agencies and institutions noted above; more than \$47 million to public schools alone. The accompanying schedule displays FY 2000 actual, FY 2001 estimated, and the Executive Budget recommendation for the various endowment funds, including the specific normal school and charitable institution allocations.

A major change has begun regarding how Idaho's endowment lands and related revenue will be managed. A legislative committee presented its findings and recommendations in December 1996. During the 1998 session, a package of four pieces of legislation was passed to address the issue. Another statute created the Idaho State Capitol Commission, a group with the responsibility for creating a master plan for the restoration and refurbishment of the Capitol building and its interior furnishings. This project will be funded in part from separate endowment and income funds, which were created. The proposed changes will take effect beginning July 1, 2000 (state fiscal year 2001).

### ***The Future***

The FY 2002 Executive Budget recommendation contains funding levels for endowment agencies with an approximate 5% increase over FY 2001 expected revenues, based upon Endowment Fund Investment Board projections.

## Endowment Fund

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### ***ENDOWMENT FUND REVENUE***

***FY 2000 - 2002***

	<b>Fiscal Year 2000 Actual <u>Revenues</u></b>	<b>Fiscal Year 2001 Estimated <u>Revenues</u></b>	<b>Fiscal Year 2002 Executive <u>Recommendation</u></b>
<b><i>Endowment Fund Title</i></b>			
Public Schools	51,622,000	51,622,000	52,200,000
Penitentiary	1,326,600	1,352,600	1,065,200
State Hospital South	2,522,200	1,850,000	1,845,800
University of Idaho	3,075,000	3,600,400	4,737,100
Agricultural College/U of I	1,123,400	1,078,400	1,737,300
Scientific School/U of I	3,792,500	4,445,200	5,573,500
Normal School *	3,978,900	4,840,300	4,514,900
Charitable Institutions **	<u>4,022,600</u>	<u>4,699,500</u>	<u>5,337,600</u>
<b>TOTAL</b>	<b>\$71,463,200</b>	<b>\$73,488,400</b>	<b>\$77,011,400</b>

\* Normal School Allocation - Lewis Clark State College and Idaho State University each receive 50% of the Normal School revenues.

\*\* Charitable Institution Allocation - several agencies receive a share of this allocation, as follows:  
School for Deaf & Blind (1/30th), Veterans Home (5/30th), Juvenile Corrections (8/30th), ISU  
Income (8/30th), State Hospital North (8/30th).